

CWIG LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



CWIG LIMITED

COMPANY INFORMATION

Directors	L H Pegg M E Read
Company secretary	L H Pegg
Registered number	07051171
Registered office	Griffin House 161 Hammersmith Road London W6 8BS
Independent auditor	KPMG LLP 1 Sovereign Square Sovereign Square Leeds LS1 4DA

CWIG LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditor's report to the member of CWIG Limited	4 - 5
Profit and loss account	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 - 14

CWIG LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements of CWIG Limited (the "company") for the year ended 31 December 2018.

Principal activities and business review

The principal activity of the company during the year was, and will continue to be an investment holding company. The investments of the company are shown in note 7.

The company is a wholly owned subsidiary undertaking of Cable & Wireless Communications Limited, which is itself a wholly owned subsidiary of Liberty Latin America Ltd ("LLA"), an international provider of fixed, mobile and subsea telecommunications services.

LLA is an international provider of fixed, mobile and subsea telecommunications services. We provide residential and business-to-business (B2B) services in (i) 24 countries, primarily in Latin America and the Caribbean, through C&W, (ii) Chile and Costa Rica, through VTR/Cabletica, and (iii) Puerto Rico, through Liberty Puerto Rico. C&W also provides (i) B2B services in certain other countries in Latin America and the Caribbean and (ii) wholesale communication services over its subsea and terrestrial fiber optic cable networks that connect over 40 markets in that region.

Results and dividends

The loss for the year, after tax, amounted to \$2,356,000 (2017 - \$11,661,000).

The directors do not recommend the payment of a dividend (2017 - \$nil).

Directors

The directors who held office during the financial year and thereafter were as follows:

L H Pegg
M E Read (appointed 5 January 2018)
B C Stockwell (resigned 5 January 2018)

The directors of the company have been indemnified against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision is in force for directors serving during the financial year and as at the date of approving the Directors' report.

Going concern

After making suitable enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

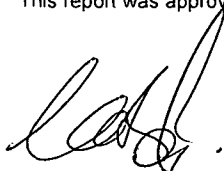
CWIG LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board on 27 September 2019 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'L H Pegg', is written over the printed name and title.

L H Pegg
Director

CWIG LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CWIG LIMITED

Opinion

We have audited the financial statements of CWIG Limited ("the company") for the year ended 31 December 2018 which comprise the Directors' report, Profit and loss account and statement of other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover this report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CWIG LIMITED (CONTINUED)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

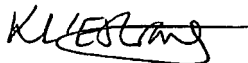
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Katharine L'Estrange (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

27 September 2019

CWIG LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 \$000	2017 \$000
Operating profit		-	-
Profit before tax		-	-
Deferred tax charged to profit and loss	6	(2,356)	(11,661)
Loss for the financial year		(2,356)	(11,661)

There was no other comprehensive income or expenditure for 2018 or 2017 other than that included in the profit and loss account.

All results were derived from continuing operations.

The notes on pages 9 to 14 form part of these financial statements.

CWIG LIMITED
REGISTERED NUMBER:07051171

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 \$000	2017 \$000
Fixed assets			
Investments	7	17,161	17,161
		<u>17,161</u>	<u>17,161</u>
Provisions for liabilities			
Deferred tax liability	8	(14,017)	(11,661)
		<u>(14,017)</u>	<u>(11,661)</u>
Net assets		<u>3,144</u>	<u>5,500</u>
Capital and reserves			
Share capital	9	-	-
Share premium account	10	17,161	17,161
Profit and loss account	10	(14,017)	(11,661)
Shareholder's funds		<u>3,144</u>	<u>5,500</u>

The company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2019.



M E Read
Director

The notes on pages 9 to 14 form part of these financial statements.

CWIG LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital \$000	Share premium account \$000	Profit and loss account \$000	Shareholder's funds \$000
At 1 January 2018	-	17,161	(11,661)	5,500
Comprehensive income for the year				
Loss for the year	-	-	(2,356)	(2,356)
Total comprehensive income for the year	-	-	(2,356)	(2,356)
At 31 December 2018	-	17,161	(14,017)	3,144

**STATEMENT OF CHANGES IN EQUITY
FOR NINE MONTHS ENDED 31 DECEMBER 2017**

	Share capital \$000	Share premium account \$000	Profit and loss account \$000	Shareholder's funds \$000
At 1 January 2017	-	17,161	-	17,161
Comprehensive income for the year				
Loss for the year	-	-	(11,661)	(11,661)
Total comprehensive income for the year	-	-	(11,661)	(11,661)
At 31 December 2017	-	17,161	(11,661)	5,500

The notes on pages 9 to 14 form part of these financial statements.

CWIG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Company information

CWIG Limited (the "company") is a company incorporated, domiciled and registered in the UK. The registered number is 07051171 and the registered address is Griffin House, 161 Hammersmith Road, London. W6 8BS.

The company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

2. Accounting policies

A summary of the principal accounting policies is set out below. All accounting policies have been applied consistently, unless noted below.

2.1 Basis of accounting

These financial statements have been prepared on an a going concern basis and under the historical cost basis in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's ultimate parent undertaking, Liberty Latin America Ltd ("LLA"), includes the company in its consolidated financial statements. The consolidated financial statements of LLA are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and are available to the public and may be obtained from LLA's website at www.lla.com.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital;
- disclosures in respect of related party transactions with fellow group undertakings;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the company.

The Directors consider the US dollar to be the functional currency reflecting the economic effects of the underlying transactions, events and conditions for the company. The financial statements are presented in US dollars ("US\$") and rounded to the nearest thousand.

2.2 Investments

Investments are recorded at cost, less provision for impairment as appropriate. The company assesses at each reporting date whether there is an indication that an investment may be impaired. If any such indication exists, the company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. A previously recognised impairment loss is reversed only if there was an event not foreseen in the original impairment calculations, such as a change in use of the investment or a change in economic conditions. The reversal of impairment loss would be to the extent of the lower of the recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.3 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside of profit or loss.

Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the company's accounting policies which are described above, management has not made any critical judgements that have a significant effect on the amounts recognised in the financial statements, except for:

Carrying value of investments

Investments are held at cost less any necessary provision for impairment. Where the impairment assessment did not provide any indication of impairment, no provision is required. If any such indications exist, the carrying value of an investment is written down to its recoverable amount.

Deferred tax liabilities

Deferred tax liabilities are recognised for potential withholding taxes which may be assessed upon future repatriation of unremitted earnings of foreign subsidiaries. Significant judgement is required to determine the amount of deferred tax liability that can be recognised, based on the expected repatriation determined by expected future funding needs of the Cable & Wireless Communications group and the timing of the repatriation of unremitted earnings.

CWIG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Operating loss

Auditor's remuneration of \$6,500 (2017 - \$5,000) represents costs attributed to the company, all of which is borne by a fellow group company.

No remuneration was paid to the directors for qualifying services to this company (2017 - \$nil). All directors' remuneration is borne by and included in the financial statements of Cable & Wireless International HQ Ltd and Lilac Communications Inc, both fellow LLA group undertakings. The directors have considered the allocation of their total remuneration attributable to providing services to the company. This allocation is not deemed material to warrant further disclosure.

Certain expenses are specifically attributable to the company. Where costs are incurred by other group companies on behalf of the company, expenses are allocated to the company on a basis that, in the opinion of the directors, is reasonable.

5. Staff Costs

The company does not have any directly employed staff and is not charged an allocation of staff costs by the group.

6. Tax on loss

	2018 \$000	2017 \$000
Current tax		
Total current tax	-	-
Deferred tax		
Withholding tax on unremitted earnings	2,356	11,661
Total deferred tax	2,356	11,661
Tax on loss	2,356	11,661

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 \$000	2017 \$000
Profit on ordinary activities before tax	-	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	-	-
Effects of:		
Withholding tax on unremitted earnings	2,356	11,661
Total tax charge for the year	2,356	11,661

CWIG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Investments

	Investments in subsidiary undertakings \$000
Cost	
At 1 January 2018	17,161
At 31 December 2018	<u>17,161</u>
At 31 December 2017	<u>17,161</u>

Subsidiary undertakings

The company has carried out a review to determine whether there has been impairment in the carrying values of its fixed asset investments. The review was based on a combination of discounted cash flow analysis, using the Group's approved three year business plan, and net asset values. No impairments were recorded.

The principal, operating undertaking of the company at 31 December 2018 and 31 December 2017 is:

	Country of incorporation	Type of holding	Percentage holding	Principal activity
Cable & Wireless (Seychelles) Limited	Seychelles	Ordinary shares	100%	Telecommunications

Full details of all subsidiary undertakings and associates are as follows:

	Country of incorporation	Type of holding	Percentage holding	Registered address
Cable & Wireless (Seychelles) Limited	Seychelles	Ordinary shares	100%	Francis Rachel Street Victoria Mahe Seychelles
Le Chantier Property Limited	Seychelles	Ordinary shares	100%	Government of Seychelles Department of Legal Affairs Registration Division Kingsgate House Victoria Mahe Seychelles
Seychelles Cable System Limited	Seychelles	Ordinary shares	33.4%	3 rd Floor, Caravelle House Manglier Street Victoria Mahe Seychelles

CWIG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Deferred taxation

	2018 \$000
At beginning of year	(11,661)
Charged to profit or loss	(2,356)
At end of year	(14,017)

The deferred tax liability is made up as follows:

	2018 \$000	2017 \$000
Withholding tax on unremitted earnings	(14,017)	(11,661)
	(14,017)	(11,661)

During the year ended 31 December 2018, management updated its ongoing assessment of its reinvestment strategy and ability to control the timing of any potential distributions from foreign subsidiaries to determine whether any deferred tax liabilities or assets must be recognized. As a result of the assessment, the company recognized a deferred tax liability of \$14,016,837 (2017 - \$11,660,869) related to potential withholding taxes which may be assessed upon future repatriation of unremitted earnings.

9. Share capital

	2018 \$000	2017 \$000
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	-	-

10. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Includes all current and prior period retained profits and losses net of dividends paid.

CWIG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

11. Parent undertaking and controlling party

The company's immediate parent undertaking is Sable Holding Limited.

The smallest and largest groups of which the company is a member and in to which the company's accounts were consolidated at 31 December 2018 are Cable & Wireless Communications Limited ("CWC") and LLA, respectively.

The company's ultimate parent undertaking and controlling party at 31 December 2018 was LLA.

Copies of group accounts referred to above which include the results of the company are available from the company secretary, Cable & Wireless Communications Limited, Griffin House, 161 Hammersmith Road, London W6 8BS or from CWC's website: www.cwc.com.

In addition copies of the consolidated LLA accounts are available on LLA's website at www.lla.com.